Economic Achievements of

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People's Democratic Republic of Yemen

Ministry of Information

Economic Achievements of Democratic Yemen

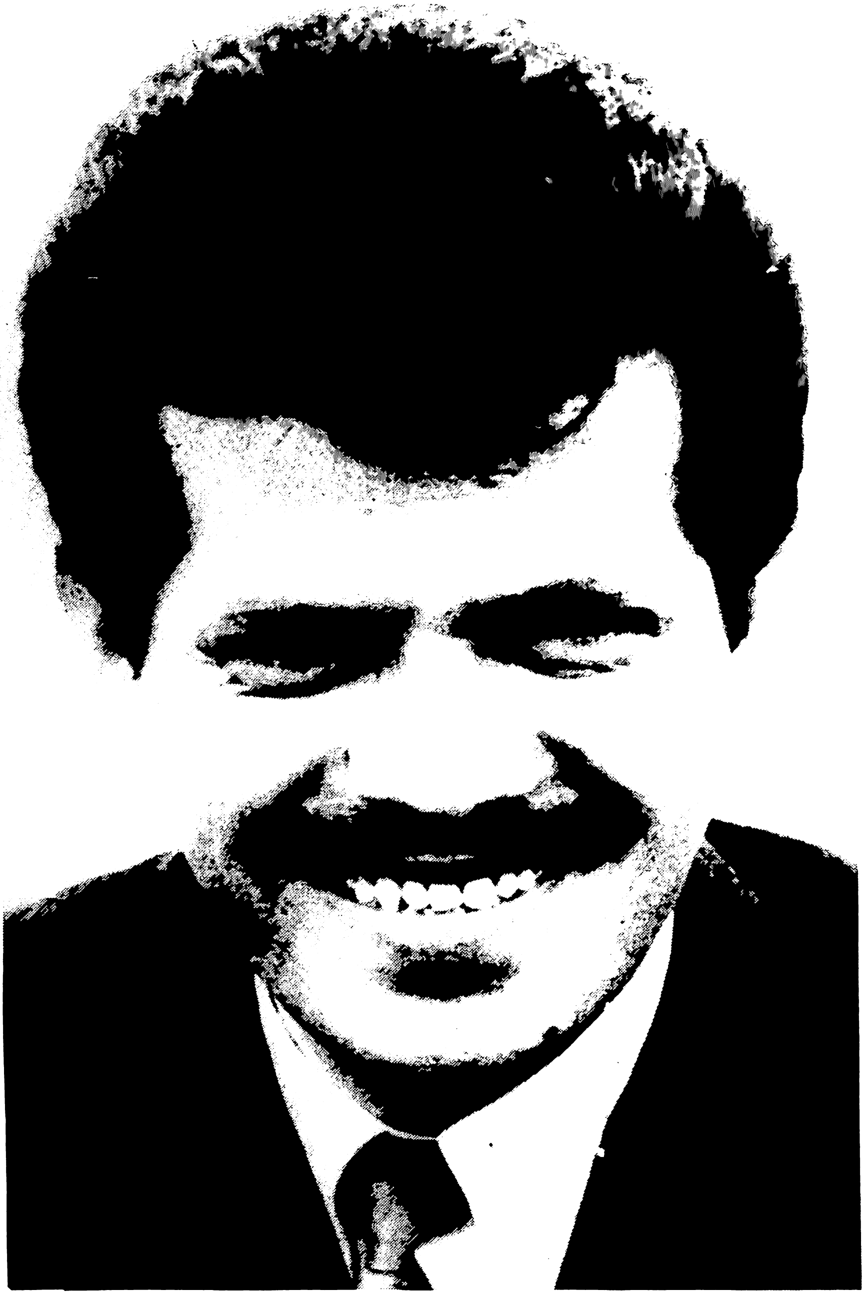
The People's
Democratic Republic of Yemen

Ministry of Information

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Abdulfatah Ismail, Secretary General of the Unified Political Organisation, the National Front

Physical and Geographical Features

Physical and Geographical Features

The People's Democratic Republic of Yemen lies between 12.40° and 19.00° N., and 30.00° and 43.00°E. Its surface area including all the islands, of which Socotra is the largest, is 129,758 square miles.

The land can be divided into three types of habitat:-

1). The coastal plains, rising to a height of 610 metres above sea level.
2). The middle plains, from 610 to 1,524 metres above sea level.
3). The mountain plains, from 1,524 to 2,438 metres above sea level.

This division is reflected in the agricultural regions of the country. The higher surfaces have a very considerable summer precipitation, and permit the cultivation of a variety of agricultural products. The amount of rain diminishes in the middle and coastal plains, but the most extensive fertile areas in Democratic Yemen lie on the middle plains, which are regularly flooded by torrents flowing down the valleys from higher ground.



Ali Nasir Muhammad, Member of the Presidential Council and Prime Minister

The Importance of Agriculture

The Importance of Agriculture

Agriculture contributes very substantially to the national economy of the PDRY. Two thirds of the population depend on agricultural production and related activities for their livelihood, although the cultivated area is only a *small proportion of the surfaces which could be cultivated.* In fact, only some 300,000 feddans out of a potentially cultivable 1,500,000 feddans are cultivated at the moment, *a direct result of the character of the colonial occupation.* British colonial rule, together with the apparatus of sultanates and shaikhdoms, aimed to isolate the countryside and to ignore the legitimate aspirations of the peasantry. It also legalised the divisions between different regions, *so that there were 23 sultanates and shaikhdoms in the pre-revolutionary period each enjoying complete political and economic autonomy within defined boundaries, under the ultimate control of the British authorities.* This divisive policy led to a consolidation of existing small scale cultivation, with no discernible tendencies towards increasing the area under cultivation either in the more remote or in the more accessible parts of the country.

Agriculture depends on two different kinds of water resource:-

1) Rain and flood water. This supplies 80% of the cultivated area. Since precipitation varies annually, yield per feddan also fluctuates between seasons.
2) Underground water brought to the surface through artesian wells and pumps. This supplies 20% of the cultivated area.

Agricultural Products

The extent of agricultural production depends on the presence of water supplies and the fertility of the soil. Cereals such as barley, wheat, millet, and maize are grown as well as vegetables such as pumpkins, and fruits, including bananas, paw-paws, peaches, apricots, pomegranates, melons, mangoes, guavas, and dates. Recently, improvements in the quality of these crops have been made through the work of the two agricultural research institutes which have been established in the 2nd and 5th Governorates to experiment with the most appropriate strains to ensure the best possible results on the state cooperative farms.

Cotton is the most important crop in Democratic Yemen. Cultivation extends over 25,000 feddans and the crop has a high reputation for quality on the world market. The "Sudan Lambert" variety produced here is considered to be one of the best types of long staple cotton. The fertile soils in the Tibn delta in the 2nd Governorate and in the Abyan delta in the 3rd Governorate are an important asset in the cultivation of this type of cotton. Additional areas have been assigned for the production of medium staple cotton in order to supply the local textile industry, which will commence operations at the beginning of 1975.

Cash crops such as tobacco and coffee are also grown. Experiments have been made to improve the quality of the tobacco to supply local cigarette production in sufficient quantity to dispense with the need to import tobacco. Coffee is grown in several localities in the 3rd Governorate. It is of excellent quality and has one of the highest reputations in the world.

Land Ownership

Before independence semi-feudal land ownership prevailed. Most cultivated land belonged to a few sultans, emirs, shaikhs and other large landowners. This class controlled almost all fertile land and was the sole owner of the most advanced means of production. In contrast, the overwhelming mass of the poor peasantry and agricultural labourers were at the mercy of speculators and money-lenders and liable to a wide range of labour services. In consequence, they left the land and emigrated in search of alternative sources of income.

Semi-feudal landownership continued to prevail throughout the whole occupation period until the achievement of independence on the 30th November 1967. On the 25th March 1968 the first agrarian reform was promulgated under the auspices of the government headed by Qahtan al-Sha'abi. This law, however, did not correspond to the aspirations of the masses of the poor peasantry and could not therefore end semi-feudal landownership or return the land to its rightful owners. This measure failed for the following reasons:-

1) The size of the maximum permitted individual holding – 25 feddans of irrigated and 50 of non-irrigated land – enabled those affected by the law to evade its provisions and to keep considerable areas of land.
2) The law did not stipulate the way in which lands confiscated from the sultans and emirs should be worked or make any definite regulations for the organisation of agriculture.
3) The law permitted individual freehold ownership of land and thus consolidated the fragmentation of agricultural holdings, preventing the development of agricultural cooperation and any moves towards setting up cooperative projects.

For all these reasons, the first land reform law failed. It failed to respond to the aspirations of the mass of poor peasants or to meet their legitimate requirements, since it did not provide for a speedy reordering of the distri-

bution of land. Furthermore, those in power were blundering from one series of mistakes to another in a process which eventually resulted in the Glorious Reform of 22nd June 1969.

The Agrarian Reform Law

The Agrarian Reform Law announced on the 22nd June 1969 by the progressive wing of the Politburo of the National Front represented the fundamental step towards conquering all the difficulties, problems and obstacles standing in the way of development and progress in Democratic Yemen. The new Law has laid the foundation for the beginning of development in the era of the national democratic revolution. The new Agrarian Reform law is one of the revolutionary instruments for the transformation of existing realities in the countryside.

A second Agrarian Reform Law was issued on 5th November 1970. In comparison to the former Law, this represents a major step forward since it contains fundamental solutions to the whole question of landownership. The Law defines the way in which the complete transformation of the pattern of agriculture is to be carried out. It also includes safeguards to prevent loopholes being exploited by those affected by its provisions. The following are the main features of the law:-

1) Confiscation of land belonging to the sultans, shaikhs and officials of the ancien regime and various other properties.
2) Maximum landholdings to be limited to 20 feddans per individual and 40 feddans per family.
3) Establishment of a public corporation (The Directorate of Agricultural Cooperation and Land Reform).
4) The foundation of agricultural cooperatives on the confiscated land – membership to be obligatory for all those who have obtained such land through the land reform.
5) An obligation on the part of the state to create collective farms and demonstration farms to stimulate collective activity amongst the peasantry.
6) Abolition of all exploitative mortgages on land taken out more than five years ago.

The Law stipulated that the lands of the sultans and emirs were to become state farms and established an absolute limitation on landownership at 20 feddans per individual and 40 feddans per family. In the past the position of the landless peasant depended upon his potential profitability, while the present Law, since its inauguration, has given his existence a new meaning. This was accomplished by successful mass efforts on the part of the peasants, expressed in organised risings, in which they occupied the land and recovered it from the semi-feudal and great landowners by their own efforts and under the direction of the Politburo of the National Front. This situation gave the Law new and progressive importance and significance and did not allow it to lapse throughout the period when the new form of land distribution was taking place.

Table 1 shows the amount of land confiscated by revolutionary occupation, and the number of occupiers.

Table 1

No. of feddans	*Number of poor peasants in possession*
124,139	25,778

The twin goals of agricultural development and a concomitant increase in agricultural production will make a vital contribution to the national economy. The success of the agricultural development plan is a matter of the highest importance at this stage of the national democratic revolution. Thus it has been found necessary to coordinate the efforts of those active in the agricultural sector and to define closely the tasks and duties of committees and organisations concerned with agricultural development. To this end three conferences have been held:-

1) The first Conference of Poor Peasants, held in July 1971 – to choose the most effective methods of achieving the implementation of agrarian reform. Its published resolutions have defined the guidelines of the stages leading to a real agricultural revolution.
2) The First Conference on Agricultural Cooperation, held in November 1971 – to set up the cooperative sector and define its role within the agricultural development movement.
3) The Conference on Agricultural Marketing, held in April 1973 – concerned with the organisation of marketing to end speculation and exploitation in agricultural production.

Cooperative Ownership

It may confidently be asserted that the agricultural cooperative movement in Democratic Yemen is rooted in ancient traditions, and is not in any sense in conflict with well-established principles. All over Yemen irrigation, harvesting, the search for new water supplies and efforts to find alternative sources of income have normally been undertaken in common, though only on the basis of acquaintanceship. Such practices were customary and thus existed outside the legal system.

During the occupation period, and especially in the late 1950's, the British authorities found it necessary to increase vegetable and fruit production in order to supply their military bases. They also encouraged the cultivation of long staple cotton, especially in the fertile deltas of Abyan and Lahej, to supply some of the needs of the British textile industry. Britain encouraged its allies, the sultans, to found cooperative committees in Abyan and Lahej, but these organisations only served the interests of the sultans and emirs.

Cooperation since Independence

The most important landmark in the history of agricultural cooperation in the history of this period was the publication of the first Agrarian Reform Law in March 1968. In comparison with the conditions prevailing before independence, this Law can be considered progressive, but it failed because it lacked seriousness of purpose in its application. The actual purpose behind the promulgation of the Law was to defuse the vengeance of the masses which was directed against the right wing faction in control of the National Front at the time.

The Cooperative Movement after the June 22 Corrective Move

The June 22 Corrective Move included such measures as the nationalisation of foreign banks, companies and local subsidiaries, and the Agrarian Reform Law with its three year plan to speed up development. The Law is thus a part of this group of progressive legislation. Before listing the achievements of the agricultural cooperatives in Democratic Yemen, the practical steps taken as a result of the First Conference on Agricultural Cooperation should be mentioned.

Agricultural problems were to be solved within the context of the principles laid down in the Agrarian Reform Law. The political committee of the Ministry of Agriculture and Agrarian Reform was set up on the 25 March 1971 under the chairmanship of Comrade Salim Robi'a 'Ali, head of the Presidential Council. He began the immediate transformation of the pattern of land ownership by concentrating on two main principles.

The First Principle: Cooperative Land Ownership

The first principle was that cooperatives were to be based on common ownership of the means of production, the pursuit of increased agricultural productivity, the provisions of goods and services at the lowest cost, better human relations, and the inculcation of cooperative members with a spirit of initiative.

The creation of cooperatives was necessary to deal with the variety of conditions prevailing in the countryside and to enable the state to provide interest-free loans and assistance, and hence to produce crops to meet the requirements of the agricultural development plan.

Cooperation in Democratic Yemen has been constructed on the basis of scientific principles. There are laws and regulations governing cooperative activities, and every facility is provided. Law 46 of 1972 on Cooperative Affairs was enacted to define the various spheres of cooperative activity within different areas of production and consumption as follows:-

1) *Cooperatives providing agricultural services*
   These supply services such as fertilisers, fuel, spare parts and seasonal loans.
2) *Irrigation Cooperatives*
   These undertake irrigation services such as the digging of wells, the installation of pumps, the construction of canals and the building of dams.



Reclamation of land

3) *Fishery Cooperatives*
These are concerned with all aspects of the fishing industry.

4) *Social Service Cooperatives*
These supply services such as water, electricity, transport and housing.

5) *Livestock Production Cooperatives*
These are concerned with various aspects of livestock production such as meat and dairy products, breeding new varieties, and poultry.

6) *Craft Cooperatives*
These have the right to supply goods and services to cooperative members and the state must protect their products from foreign competition.

Types of Cooperative

Cooperative activity in the countryside of Democratic Yemen is of two kinds. In the first, irrigation is undertaken in common, and marketing takes place without any merging of land holdings. The second is based on the merging of land holdings, on common ownership of the instruments of production and on cooperative work. In this case, small plots of land and animals are set aside for individual exploitation.

Agricultural cooperation has been introduced on a large scale since the beginning of the 1970-73 Three Year Plan. By the third year 8% of all agricultural products were supposed to be produced in cooperatives but in fact the achievements of the cooperative movement over this period were considerably more than had been forecast in the plan. The cooperatives's share in agricultural production rose to 45%, and they have become the cornerstone of the efforts towards implementing the agricultural development plan. Table 2 shows productive cooperatives in 1974.

Table 2

Area in feddans	*Number of members*
229,761	22,778

The Second Principle: the Creation of State Farms

The state farms comprise the lands confiscated from semi-feudal and large landowners. These lands provided the public sector with agricultural property for the following purposes:-

1) The extension of the cultivable area by means of amelioration and the increase of agricultural and livestock production.
2) The supply of foodstuffs to meet local needs and the provision of credits to facilitate exports.
3) Agricultural and animal experiments to obtain better strains and to use the results of the experiments to improve production in agricultural cooperatives.

The Three Year Plan envisaged the foundation of 7 state farms extending over 1,680 feddans but, here too, achievement exceeded expectations; 28 state farms were founded in 6 agricultural units extending over 13,020 feddans, all equipped with modern machinery. This expansion resulted in the provision of vegetables and fruit formerly imported from abroad, and also contributed to overcoming unemployment in the countryside. Tables 3a) and 3b) show the expansion of state farms and the increase in their workforce.

Table 3a)

Number of state farms and their area in feddans in the third year of the Three Year Plan

Number of farms	*Surface area in feddans*
26	13,020

Table 3b)

Increase of work force in the state farms

Year	*Number of workers*	*Average Daily Wages in Fils*
1968-1969	497	200
1973-1974	1,495	900

Agricultural Development in the Three Year Plan

The Three Year Plan has allocated a high percentage of its budget to the promotion of agriculture and to giving impetus to agricultural development. Agricultural loans amounted to 10,505,600 dinars and the plan undertook to increase the cultivable area by 18,700 feddans, which is 10% of the area actually under cultivation.

Agriculture is certainly the most important natural resource at this stage in the national democratic revolution in Democratic Yemen. Serious efforts have been made to implement the plan's programme; in the first year it was fulfilled by 101%, in the second by 102%, and in the third by 101%. If these percentages of the plan estimates are analysed, we find that 20,000 feddans of the agricultural area have been improved during the three years, or the equivalent of 11% of land under cultivation. This is an increase of 1,300 feddans on the figure envisaged in the plan.

As land in Democratic Yemen does not have permanent water supplies, efforts were made to utilise underground water sources. 90% of the water for the reclaimed land came from underground sources. 240 wells were dug to obtain permanent irrigation water (the details will be given in the section on irrigation).



Agricultural show

Composition of the Labour Force

The countryside in Democratic Yemen was isolated during the whole occupation period, and this led to the neglect of agriculture and an increase in rural unemployment. The living standards of the poor peasantry and agricultural labourers were extremely low. This wretched situation was reflected in the fact that in 1968, when traditional tools were still being used, less than 1,365 agricultural labourers were employed.

As a result of the 22 June 1969 Corrective Move, the passing of the two laws on agricultural development and the introduction of agricultural machinery to all parts of the Republic, the number of workers has increased significantly every year. Table 4 shows these increases between 1968/69 and 1973/74.

Table 4

Year	*Agricultural Workers*
1968/69	1,365
1969/70	2,849
1972/73	4,519
1973/74	5,771

The table shows an increase of 4,406 workers, not counting seasonal labourers working in cotton-picking. About 1,495 individuals are employed to pick cotton each season.

It should also be mentioned that daily wages for workers in state farms have been increased from 200 fils before independence to 900 fils after the introduction of the new Agrarian Reform Law.

Water Supplies

Irrigation for agriculture depends on water supplies from rain and streams, and the fullest possible exploitation of underground water sources is envisaged by sinking wells and artesian wells. As has already been mentioned, underground water supplies 90% of new water resources.

The improvement of irrigation required considerable efforts because of the backwardness of previous methods, the neglect of canals and the wastage of water. The improvements began with the allocation of 2,000,000 dinars to supply immediate needs at the begining of the Three Year Plan. The water development plan was divided into three parts:-

(I) *Initiation of research studies and drawing up plans*

In the Hadhramaut valley in the 5th governorate soil analysis has been undertaken, and the use of underground water was initiated in 1972, the second year of the Plan. Research was started on a project in the Abyan delta and work commenced at the beginning of the 1974/79 Five Year Plan. This project aims to reclaim 45,000 feddans of land depending on permanent

water supplies. In the Tabin valley in the second governorate, soil analyses have been made and a comprehensive plan for the farms of Ja'ula and Fyush has been drawn up. In the Wadi Mifa'a the irrigation development project has been completed as well as research into the reclamation of some 500 hectares.

(II) *Building and Construction Projects*

This includes the construction of dams, the digging of wells and the digging of main and subsidiary irrigation channels. 8 irrigation dams have been constructed in the following areas:-

2nd governorate: 'Aris Dam, Falij Dam, Mujahid Dam

3rd governorate: al-Hadharam Dam, Bustan Dam, Fu'ad Dam

3rd governorate: Hanna Dam, Saba' Dam . . .

Work is now in progress on the construction of canals to bring water to the irrigation area. The digging of wells to tap underground supplies is also proceeding, and 240 new wells have been dug, thus:-

1970-71: 73 wells in the first year of the Plan

1971-72: 83 wells in the second year of the Plan

1972-73: 84 wells in the third year of the Plan.

This was accompanied by the digging of an irrigation channel network on the land irrigated by the new wells.

(III) *The establishment of centres for renting out agricultural machinery*

8 new centres have been founded and have been supplied with all the necessary machinery and equipment. The centres have been distributed over the various governorates of the Republic. To these should be added the repair shops of al-Dhali and al-Habilain in the 2nd governorate, the al-Kud centre in the 3rd governorate, and the Mifa'a and Bijan centres in the 4th governorate; the total number of centres is 13, all supplying cooperatives and associations with modern agricultural machinery.

Livestock Resources

There are substantial resources of livestock in Democratic Yemen and 9.8% of the population is engaged in herding. In spite of this, in the period before independence, animal production was dispersed and there was no organisation of breeding and slaughtering with the result that stocks declined, and supplies of meat were imported from neighbouring countries. After the Corrective Move of 22 June 1969 measures were taken to protect animal resources, and a number of breeding and feeding centres were set up both for local breeds and for importing better strains of cattle. Animal production achievements are as follows:

1) Foundation of the Ja'ula dairy centre with 500 head of cattle imported from Kenya.
2) The Fyush dairy centre with 500 Friesian cattle imported from Kenya.
3) Feeding and breeding centres with 4,700 sheep distributed over the various state farms and three departments for fattening 600 calves.
4) 40 trainees have completed courses in the Dar Sa'ad veterinary centre and have qualified as technical assistants to take part in the development of

animal production, together with 11 specialists in artificial insemination.

5) 3 laboratories have been opened for bacteriology, nutrition and dairy products.

Poultry Production

All through the occupation period poultry production was almost non-existent, and the country had to import eggs and poultry. This situation continued in the period immediately after independence until 22 June 1969.

After 22 June 1969, poultry production was introduced for the first time in the country's history. The demand for eggs and poultry was very great, especially in the towns. The poultry development project was inaugurated in the last year of the Three Year Development Plan, 1973-7, and will be completed in the second year of the Five Year Plan, 1975-76.

The project aims to produce 30 million eggs and 200 tons of meat annually. A central battery was constructed at Khur at the beginning of 1973-74. Work to implement the project is going ahead and main and subsidiary battery farms are being constructed to produce sufficient poultry. Waste, fish meal and seed oil are being used as feed.

The labour force has developed since the beginning of the project. In the beginning there were 200 temporarily employed workers, while 155 workers are now permanently employed.

Agricultural Development in the Five Year Plan

The agricultural and fishery sectors represent a substantial part of the achievements of the 5 year plan. Investments in agriculture in the plan amount to 27,711 dinars out of a total of 75,358,000 dinars.

Within the Five Year Plan, the agricultural development plan aims at a production target of 13.5 million dinars in the final years.

The agricultural projects of the Five Year Plan envisage an additional 55,000 feddans being made available for cultivation. This will be irrigated by river water, artesian wells and underground water, thus creating permanent irrigation for the first time in the country's history.

The choice of cereal crops will be related to their importance for the economic development of the country, and the rising needs of the population. Hence there will be an increase in some cereals, and it is envisaged that 30,000 tons will be produced in the final year of the Plan, an increase of 47.5% on the figure for 1972/73.

It is estimated that raw cotton production will increase to 25,000 tons, of which 4,500 tons of medium staple will supply the needs of the local textile industry. Tobacco production should reach 1,700 tons to substitute for imported production. Vegetable production will increase to 100,000 tons, pumpkins to 90,000 tons, and there will also be increases in sesame, bananas, guavas and other products.

80% of the agricultural allocations in the Five Year Plan are for providing irrigation for the land which is to be put under cultivation within the period of the plan.

The following are the principal irrigation projects:-

1) A project to supply 45,000 feddans with water in the Abyan Delta, 4,500 feddans of newly reclaimed land to have underground water; and 8,000 feddans to be provided with river water.
2) A project to build 8 irrigation dams for 16,250 feddans, which will provide 4,500 feddans of newly reclaimed land with river water.
3) Sinking 350 artesian wells to irrigate an extra 15,000 feddans.
4) Irrigation projects in the Hadhramaut, Mifa'a, Tuban and Ja'ula valleys to irrigate an extra 40,000 feddans, 22,000 by underground water and 18,000 by surface water. This will add between 10,000 and 15,000 feddans to the cultivated area.

Surveys have been undertaken to build up a map of potential water resources. Areas have been selected in the Mifa'a valley in the 4th Governorate, and in the two eastern and northern provinces of the 3rd Governorate, in the Tuban and Hadhramaut valleys, and it has been declared that 30 test walls will be dug to see whether economically viable water resources exist in the irrigation regions chosen.

Irrigation projects also include the foundation of a training centre for irrigation engineers to supply the various schemes with local technical cadres.

Livestock Resources

The Five Year Plan also includes the development of livestock resources to supply the country's requirements of milk, eggs and dairy and other products.

Four cattle farms are planned, with 2,000 head of cattle, and two for fattening 1,000 calves, with two units for breeding and fattening 4,000 sheep and goats. Projects for the poultry industry provide for the production of 30 million eggs and 200 tons of meat.

The agricultural development plan is organised on the assumption that the state farms and the production cooperatives are the basis for agricultural production. They spur on the Revolutionary Government to give them all kinds of assistance in the form of machinery and loans for the purpose of increasing agricultural production.

Fisheries

The sea coasts of Democratic Yemen are among the richest fishing areas in the world, and numerous Yemeni fishermen work along the country's 600 mile coastline.

Together with agriculture, fish is the most important natural resource which the country possesses, and the 22 June move has paid considerable attention to the most appropriate method of its exploitation.

In the past, fishing methods were very primitive, using hooks, gaffing irons, small nets, and enclosing areas of water. In 1942 the colonial authorities started the Fisheries Directorate, but the administration failed to expand the fishing sector or to introduce new techniques, and limited its activities to



Development of coffee plantations

exploiting poor fishermen in association with the fishing boat owners and the local rulers. Hence the fishing industry was neglected throughout the period of colonial occupation, and no significant changes took place between independence and the 22 June 1969 move.

The revolutionary measures which have been undertaken to transform conditions in the fishing industry since the 22 June move have made it clear that the economic development of this sector to assist the national economy can only be successfully undertaken within the framework of a comprehensive plan.

Hence Law 7 of 1970 includes the creation of committees for fishery resources with administrative and financial autonomy within the Ministry of Agriculture. These have been charged with the following tasks:-

1) To develop the fishing industry to meet domestic requirements and to provide new opportunities for exports.
2) To encourage urgent scientific and technical research to determine the extent of fishery resources within the country's territorial waters, in adjoining areas, and on the high seas.
3) The immediate training of technical personnel in local institutions and in fraternal countries.
4) The setting up of technical advisory services for the cooperative sector and to supply loans for dynamic development.

The planning of the national economy paid special attention to the fishing industry, and in order to increase productivity the following projects were carried out within the context of the Three Year Plan:-

1) The completion of the United Nations Fisheries project of detailed scientific research into fish resources in the Gulf of Aden, which investigated the quantities of different sorts of fish.
2) The purchase of three large 150 ton fishing boats with the most modern equipment. This has played an important part in diversifying and increasing fish production.
3) The opening of the Mukalla Institute for Fishery Research. Studies on existing fish resources have now been completed there.
4) The building of 20 fishing boats to support the fishing fleet.
5) The importation of portable refrigerators for fish transport to supply the needs of the domestic market.
6) The construction of a fish meal factory, taking 150 tons of sardines a day, with an annual production of 5,700 tons of fish meal and 1,800 tons of fish oil.
7) The construction of a giant 100 ton amalekite refrigerator to accommodate the catches of the 6th governorate.

The Three Year Plan has been fulfilled by 120%.

The organisation of fishery cooperatives

The organisation of fishery cooperatives dates from 1967. Since that time the

tendency towards cooperation has continued to develop, but it was not until the 22 June Reform that it was given a solidly rooted organisation. Risings on the part of poor fishermen reflected the height of the struggle taking place between the old owners and the new cooperative form of ownership. These risings ensured that cooperative ownership was stabilised and made permanent, and they initiated the enactment of the measures necessary to take over the means of production.

The following table lists the locations of the fishery cooperatives:-

Table 5:

Location of fishery cooperatives

	Number of cooperatives	Number of members	Outside the cooperatives	Total
1st governorate	3	1,800	900	2,700
2nd governorate	1	500	–	500
3rd governorate	1	840	–	840
4th governorate	1	290	10	300
5th governorate	4	4,450	1,400	5,850
6th governorate	2	580	2,320	2,900
	12	8,460	4,630	13,090

Fishery Resources within the context of the Five Year Plan

Two aspects of the development of the fishing industry are included in the Five Year Plan:

First: Increasing the number of fish caught

Second: Developing and industrialising the packing and marketing of fish.

As far as the first aspect is concerned, 9 new fishing boats have been bought, with a total capacity of 850 tons, equipped to catch high quality fish. Six fish transport vessels have been purchased, with a capacity of 200 tons each, to catch sardines for the manufacture of fish meal in Mukalla. Traditional fishing is being assisted by the construction of 180 vessels equipped with modern fishing tackle. It is further anticipated that the Supreme Council for Fishery Resources will own 24 modern vessels, in addition to those obtained from fraternal countries.

As far as the second aspect is concerned, the following projects have been planned:-

To set up a number of refrigerators to cool and freeze fish in the main centres, and other refrigerators to store and transport fish between centres.

- To supply remote areas, such as Bihan and Ataq in the 4th Governorate, al-Qutun and Si'un in the 5th Governorate and al-Huta and al-Dhala in the 2nd Governorate with fresh fish.
- The construction of a fishmeal factory to produce 15,400 tons of mean in



Fish exports

the final year of the plan, and 407,000 tons of fish oil and a fish canning factory at Mukulla producing 15,000,000 cans.

- Other projects such as studies for the construction of a port in the 5th governorate, fishing ports in Aden and Muzalliq and a large refrigeration plant on Socotra.

In order to provide personnel for the fishing and merchant fleets, and for the port and coastal installations, intermediate training will be undertaken locally, and more advanced qualifications will be obtained abroad.

The Growth of Fish Production between 1967 and 1972

Year	*Production in Tons*	*Exports in Tons*	*Value in '000 Dinars*
1966	85.9	6.2	468.0
1967	81.0	5.0	366.7
1968	90.3	5.1	383.8
1969	120.0	11.0	543.1
1970	115.0	16.5	924.0
1971	118.2	20.9	1344.3
1972	122.6	19.5	2044.0



Fish canning factory – Shuqra

Industry Under The British Occupation

Industry during the British Occupation

Many countries, and especially those which have been subjected to colonial domination, suffer from underdevelopment, particularly the underdevelopment of industry.

The oppression of the people of Yemen under British occupation was particularly severe. The economy was tied to the British economy, and made entirely subservient to its need in both production and exports. A particular feature of British colonial rule in Yemen was the failure to encourage the development of all levels of agriculture in order to make up for the country's industrial backwardness, unless this happened to coincide with British requirements for cash crops or foodstuffs. Thus Yemen was essentially a service economy with no agricultural or industrial base, and the inheritance of the colonial past was a major burden for the revolutionary government when it faced the task of drawing up a new economic policy.

Before independence, industry was non-existent. There were a number of craft workshops but there were considerable obstacles to development, and if the oil refinery and the electricity supply industry are excluded, the only major undertaking was the extraction of salt. This industry was still primitive, being based on evaporation and drying; furthermore production had actually declined, from 400,000 tons in 1939 to 47,620 tons in 1967. A mineral water factory was set up before independence to supply foreigners and the British Army, and there were cotton gins in Abyan and Lahej for the export of long staple cotton to Britain.

Quite apart from its failure to withstand foreign competition, this domestic industry was only marginal, and could not provide a real foundation for the activation of industry. Furthermore Aden was a market for goods from capitalist countries.

The 22nd June Reform and the Encouragement of Industry

Such was the backward social and economic situation which confronted the Corrective Move of 22 June 1969. One of the most vital tasks was the liberation of the economy from the shackles of foreign capital, followed by the creation of a public sector as the basis for allocating resources for economic development, with the promulgation of supporting legislation to assist the planning of industry and agriculture. For these purposes a number of laws have been issued:

- The Nationalisation Law of 27 November 1969
- The Law of Industrial Reorganisation to Encourage Industrial Development, Law No. 23 of 1971.
- The Law for the Economic Organisation of the Public Sector and for the National Plan, Law No. 37 of 1969.
- Law for Obligatory Control in the Public Interest.
- Two Laws on Customs Dues and the creation of a Free Zone.
- The Law for the Supervision of Finances, Law No. 26 of 1971.
- The Law for the Organisation of Foreign Trade, Law No. 21 of 1971.
- The creation of a Planning Council under Law No. 47 of 1971.
- The creation of the first Ministry of Planning in May 1973.

The revolutionary government spared no efforts to tackle the economic problems which it inherited from the long years of colonial rule. The main problems were:-

1) High population density and widespread unemployment. Early in 1969 there were 100,000 unemployed in Aden, 80,000 of whom were in Aden town itself.
2) The lack of an industrial development plan in the years preceding independence. Industrial production was minimal and barely contributed to the GDP; this led to a fall in per capita income and in the standard of living. Hence there was a mass of deprived and a very small high income group.
3) An unproductive allocation of economic resources. Capital accumulated found its way either into the construction sector or into the supply of services for the British Army. It was not used productively for the construction of factories or for investment in agriculture.
4) In spite of the concentration of economic activity in the service sector, the fact that this was centred in the city led to the deprivation of the country areas of the most basic services, and to the isolation of the countryside from the city. There were no facilities for marketing agricultural products in the city, or vice versa, and this led to stagnation in the domestic market with adverse effects on both industrial and agricultural production.

The role of industry in the Three Year Plan

The Three Year Plan laid the foundations for the transformation of Yemen from a service to a productive economy, through the introduction of central planning based on detailed studies of the requirements of the various stages of economic development.

In the industrial sphere, the Three Year Plan aimed to make fundamental transformations in the structure of industry by inaugurating a number of new projects, and to strengthen the public sector to facilitate speedy industrialisation. In addition, a number of projects gradually evolved within the plan, which was in fact fulfilled within the allotted time. The most important of these projects were light industries to supply the home market with foodstuffs and goods such as plastic utensils, shoes, bags, tannery products, paints, matches, cigarettes, fish meal, fish oil and clothing. Table 1 shows industrial production in various sectors:

Table 1:

Sector	*Value of production (1973/74) in '000s of dinars*
1) Shoe industry	3,520.0
2) Light industry	2,258.0
3) Electricity production and water supply	2,709.5
4) Shipbuilding and mining	1,065.0
5) Construction materials	155.1
6) Other	539.2

The precise requirements of the industrial part of the Three Year Plan were met in its first and second years by the construction of 13 new factories, and of a further 7 in the third year. Completion of four other factories is awaited in the near future; a mill, a textile factory, the second stage of a cigarette factory and a shoe factory. Work is also in progress on improving and developing the activities of the Water Board, the Salt Development Project, an oxygen and estabene factory, a service and repair station, a seed cotton production project and an animal feed factory.

Here are details of the most important industrial projects which have been completed and have started production within the Three Year Plan, and those which were started during the same plan but which have begun production in the first years of the Five Year Plan:

The "Soldier's Factory" for plastic goods and domestic utensils

This began production in June 1972, and produces 17 varieties of utensil for local consumption, and export to North Yemen and to the Democratic Republic of Somalia. It is anticipated that capacity will be developed by the installation of 10 new moulding presses.

Tanning Factory

This began production in February 1973, tanning hides of sheep, goats and cattle. 80% of production is exported to Lebanon and the rest is consumed locally. It is expected that local demand will rise with the increasing demands of the shoe industry in Democratic Yemen.

The Factory of the Revolution

This produces spare parts for agricultural machinery and began production in June 1972. The first factory is in the 1st governorate and specialises in agricultural vehicles and machinery, while the second one produces agricultural spare parts. It has 25 iron cutting units and is one of the largest engineering factories in the Republic.

Paint Factory

This began production in August 1971 and has an annual production capacity of 70,000 gallons of paint, sufficient to supply local demand. A tin plate factory for the manufacture of paint tins is planned to be constructed alongside the present factory.

Match Factory

This was opened in June 1971, and has an annual capacity of 43 million boxes. The machinery is semi-automatic, and the factory employs equal numbers of men and women. Production is sufficient to supply local demand.

Cigarette Factory

The first stage of production began in June 1973, with an annual capacity of 300 million cigarettes, and a second stage will begin when the new building for the preparation and sorting of tobacco is completed. 80% of the tobacco is produced locally, and the Ministry of Agrarian Reform is making efforts to improve the quality of the crop.

Industries in the Private Sector

The state has given every encouragement to private industry to participate in the industrialisation of the country, a policy which has encouraged growth in this sector. Although these industries are small in capacity in comparison with those of the public sector they have played a vital role in supplying local demand with goods formerly imported from abroad, thus saving hard currency.

The following are the main private sector industries:-

Plastic Shoe Factory

This began production in October 1971, producting a variety of types of shoe, and has a daily maximum capacity of 150 pairs. This can be increased according to local demand.

Artificial Marble Factory

This began production in June 1973 and produces 50,000 pieces of different coloured marble. This is more than the domestic market can absorb, and the excess is exported to neighbouring countries.

Clothing factories in al-Ma'ala, Crater and Shaikh 'Uthman

These factories have 130 sewing machines and produce different types of children's and women's underwear and men's shirts. Some of these are exported to Somalia. Production this year will reach 42,700 shirts and other clothing, which is sufficient to cater for local needs.

Projects outside the Three Year Plan

Efforts to achieve industrialisation are not confined to projects within the Three Year Plan. A number of other important projects have been completed which will have an important effect on industrialisation in Democratic Yemen.

Textile Factory

One of the key industries in Democratic Yemen is its textile industry which has an annual production capacity of 7.2 million metres of cloth, which will be increased to 10 million metres when the new section is completed and begins production in 1975.

Salt Development Project

This began in June 1973, and will be completed at the beginning of 1975. 1 million dinars have been invested in this project.

Extension of the capacity of the industrial sector

The establishment of many industrial projects requires an increase in electricity and water supplies. The plan has been concerned with this, and it is recommended that electricity capacity should increase by 15% and water by 20% to meet the needs of new industrial projects such as the Salt Development Project, the flour mill and the mechanised butchery. Industrial estates with all the necessary services have been set up, and loans have been allocated for independent projects there. Further allocations have been made for industrial estates during the next plan in al-Mansur district in the 1st governorate and in al-Ma'ala, as well as in Bir Ahmad district.

Industrial Indicators

1) By 1973-74 industrial production will have reached 3.3 million dinars. Compared with the level of production in 1969, there has been a steady increase as a result of the implementation of new projects.
2) The public sector has played the principal role in industrial development. In the current year 1973/74, its share amounts to 45% (the vegetable oil factory, the flour mill, the mechanised butchery, the soap factory, the tomato extract factory and the animal feed factory). The mixed sector has also improved its position and it is estimated in 1973/74 that the co-operative and mixed sectors will make up about 55% of the industrial total. Table 2 shows the percentages of the value of industrial production within the different sectors for the period of the three year plan.
3) The number of industrial enterprises rose to 14 units, producing 1.3 million dinars' worth of goods, while production in the established industries rose to 2.0 million dinars.
4) The numbers of workers in industry has risen considerably, from 944 in 1972/73 to 1,341 in 1973/74.
5) Total industrial production at the end of 1973/74 had a value of 10.2 million dinars.



Textile factory

Table 2 shows the percentages of the value of industrial production within the different sectors for the period of the Three Year Plan.

Table 2

	1969 (base year)	*Value of production in '000 dinars* 1971	1972	1973	*% age 1973/74 compared to base year*	*% age of total in 1973/74*
Industrial Sector	6693.0	932.0	9316.7	10246.8	146.5%	–
Public Sector	2657.0	3614.3	3984.2	4598.3	167.0%	45.5%
Cooperative Sector	2238.0	3316.8	1720.3	1580.0	70.6%	15.5%
Mixed Sector	–	63.2	238.1	798.2	–	8.0%
Private Sector	1998.0	3368.2	334.1	327.3	163.0%	31.5%

Prospects for Future Development (the Five Year Plan)

After the 22 June move, Democratic Yemen experienced important developments in economic, political and social fields. The Three Year Plan established the ways in which economic underdevelopment was to be overcome in the context of detailed plans for social development. In the previous part of this document the details of the industrial achievements of the Three Year Plan have been described. These achievements have been a vital step forward in the process of transformation taking place in Democratic Yemen, and the plan is the first step of its kind in this country.

Naturally, planning for economic development has been continued in order to carry on social transformation, in the form of the 1974-1979 Five Year Plan. The introduction of this Plan was preceded by thorough research and detailed analysis of the development needs of the various industrial sectors, in the context of the success already achieved in changing a service economy into a productive agricultural and industrial economy. Before considering the part played by the industrial sector within the Five Year Plan, it will be useful to review the main features of economic development laid out in the Plan.

First: It is estimated that industrial production at the end of the Five Year Plan will reach 24,750,000 dinars, compared to 9,317,000 dinars in the base year 1972/73. This is an increase of 164%.

Second: It is estimated that agricultural production at the end of the Five Year Plan will reach 48,241,000 dinars, compared to 31,217,000 dinars in the base year 1972/73. This is an increase of 54.1%.

Table 3 lists these figures:

Table 3

	Base year 1972/3	*End of Plan* 1978/9	*% age increase*
Industrial Production	9,317,000	24,750,000	164.0
Agricultural Production	31,217,000	48,241,000	54.1

Third: After the fulfilment of the Plan, priority in the industrial sector will be given to projects which make use of domestic raw materials and to projects which will substitute for imports. Special attention will be given to the production of electricty. Greater agricultural productivity will be achieved in order to satisfy rising industrial and consumer demand, more land reclamation will be undertaken, and productivity per feddan of already cultivated land will be increased.

Fourth: The Five Year Plan has undertaken the exploitation of the country's fish resources. A variety of measures will be undertaken to improve material conditions, to expand existing projects, and to inaugurate new ones.

Fifth: The Plan has paid more attention to the public sector's share in agriculture and industry. Table 4 shows the projected development of the public sector's share of the agricultural and industrial sector from the base year 1972/73 to the final year of the Plan.

Table 4:

Sector	*1972/73*	*1978/79*	*% increase*
Industry	4,000,000	15,200,000	280
Agriculture	1,600,000	10,500,000	656

Sixth: The Plan aims to raise the standard of living of the poorer sections of the population by eradicating the backwardness inherited from colonialism and the rule of the sultans. The plan provides for increased investments in the health service and in education, in housing construction and the building of social and cultural centres. The amount of investment allocated to the Plan ensures that very great progress will be made throughout the various sectors of the national economy. Funds for these investments amounted to 75,358,000 dinars, compared to the 40,295,700 available for the Three Year Plan. Table 5 shows the distribution of these allocations between the various sectors:-

Sector	*Gross Investment*
Industry	13,456,800
Agriculture	27,711,200

Transport	19,159,000
Education	6,060,000
Information, culture and social affairs	1,119,500
Health	3,410,000
Housing and municipalities	3,563,000
Geological surveys	879,000

Aspects of Industrial Development in the Five Year Plan

Industrial development during the Five Year Plan is based primarily on the country's natural resources. It will therefore concentrate on the following areas:-

1) The greatest possible development of industrial production and of consumer goods, to substitute domestically produced goods for imports.
2) The promotion of industrial expansion to capture foreign markets in order to obtain hard currency and to increase the national income.
3) The provision of the necessary foundations for the construction of industries essential to industrial development, the provision of both the basic structures and the technical experts necessary for industry, the raising of the quality of production, the utilisation of unusued potential, and the efficient training of workers.
4) Greater concentration on geological and mineralogical research in association with friendly Arab states, fraternal countries and other international organisations.
5) Increasing the labour force and providing more citizens with employment opportunities.
6) Increased utilisation of fishery resources and the development of the fishing industry through the use of more equipment.
7) The development of industrial trandes and industry in the countryside and the provision of more training centres.
8) To coordinate local industry with industry in the North of the country, and to set up joint production projects.

To fulfill these aims, the Five Year Plan has stipulated that industrial production in the fifth year of the Plan shall reach 10,200,000 dinars, an increase of 164% on the base year 1973. This increase in industrial production will be achieved largely by expanding and improving production in some existing industries or by concentrating on new projects. Thus industrial production has increased to 14.9 million dinars, or 98% on the base year. The public sector will come to play the most important part in this area of the economy during the Five Year Plan; its share will increase to 15.2 million, or by 280% on the base year 1973. The mixed sector will rise to about 3 million dinars. The total share of the public, mixed and cooperative sectors of industry is planned to rise to 88.5% of total production. The Five Year Plan will be accompanied by a number of new industrial products, such as cotton cloth, soft leather shoes, plastic bags, waterproof material, fish tins, fish meal, fish oil, animal and poultry feeds, together with aluminium products, which will

increase by 170% and long staple cotton and table salt which will increase by 100%. The most important features of industrial development in the different spheres will now be discussed with reference to the 1974/75-1978/79 economic and social Five Year Plan.

Light Industry

The total production of light industries will rise in the last year of the Plan to 6.1 million dinars, representing an increase of 170% on 1972. Of this, 36% will come from the public sector and 57% from the cooperative sector. The following projects will be set up:-

1) The construction of a textile factory to begin production in 1975, with an annual capacity of 7.2 million metres of cotton.
2) The construction of a leather industries training centre with an annual capacity of 217,000 pairs of shoes. Of these, between 30 and 40% are semi-finished for finishing by the craft industry.
3) The construction of a soft shoe factory producing 1,200,000 pairs annually.
4) To develop the two cotton gins at Abyan and Lahej, to expand the plastic and domestic utensils, industry, and to develop new products such as plastic bags.
5) The expansion of the tailoring and furniture industries in the public sector.

Food processing

The importance of food processing has greatly increased in proportion to total production as a result of the increase in domestic demand.

The total value of processed food production in the final year of the plan will increase to 9.6 million dinars or by 200% on the base year. This includes cotton seeds, sesame oil (3,000 tons a year), and flour and date production. The following projects will be carried out:

1) The inauguration of flour mills in 1976 with an annual capacity of 65,000 tons.
2) The inauguration of a factory for cotton seed and sesame oils in 1977 with an annual capacity of 6,700 tons of oil.
3) The inauguration of a date factory in the 5th governorate in 1977 with an annual capacity of 1,000 tons of dates.

It is also assumed that the Khormaksar salt development project will be completed in October 1975. This will lead to an increase in salt production, and productivity will rise threefold through mechanisation. Studies on possible tomato extract and beer factories are also envisaged, using local agricultural products as raw materials.

Fishing Industry

Fish production in the last year of the plan will reach 3.2 million dinars, and this will be achieved through the following projects:-

1) Opening the fish tinning factory in 1977, with an annual capacity of 15 million tins, and starting a high quality fish slicing factory, 50% of whose products will be exported.
2) Completing the second stage of the fish meal factory in the beginning of 1978 with a daily capacity of 650 tons of fish.
3) Opening the fish meal factory at Aden in 1975, with a daily capacity of 35 tons of fish.

The completion of an animal and poultry feed factory in 1976 producing 7,000 tons per year, utilising the waste from other factories, such as the flour mills, cotton gins and sesame oil plants. At the same time the following projects will be expanded and improved:-

- The construction of a new unit in the oxygen factory with a capacity of $50m^3$ per hour. This will supply local industrial consumption and the surplus will be exported to neighbouring countries.
- The expansion of the aluminium factory, and the replacement of its equipment to improve production and to provide a wider variety and volume of products.
- The development of the repair yards at the docks, and studies for the construction of a dry dock in the port.
- The improvement and development of water facilities and reservoirs to provide water for both near and remote regions. The expansion of water supplies to 6 billion gallons per year, an increase of 32% on the base year.

The Size of the Labour Force

One of the most fundamental aims of the Five Year Plan is the abolition of unemployment and the provision of jobs. At the end of the plan 95,000 workers will be employed. 3,300 will work in industry, an increase of 50%, and the new projects will absorb 2,600 new workers. It is planned to train 8,600 skilled workers in training centres and on short term courses. These workers will come from all sectors of the economy.

Trade in Democratic Yemen

Trade during the Occupation

Foreign trade during the occupation was controlled by three large export companies; the Besse Company, Paul Rice (?) and the Luke Thomas Company.

The Besse Company was founded in 1931 as a limited company. It was able to build up a virtual monopoly over the import of foodstuffs, consumer goods and manufactured goods. Due to the key geographical location of Aden and the general backwardness of trade in the surrounding areas, the company also exercised a monopoly over exports and re-exports.

These companies not only controlled the import and export trade, but also port services, industry, and ship repairs. Two Besse subsidiary companies, Legal and Maritime and Aden Shipping Docks were founded. Luke Thomas specialised in shipping and shipping repairs as well as the Paul Rice Company, which became in 1969 Bostalko.

These three companies became a trading octopus which controlled the whole spectrum of trade and most of the main insurance agencies. The Besse Company had the lion's share of trade, navigation, insurance, real estate, land, construction, foreign exchange and hotels. In addition, other merchants, mostly foreigners and especially Indians played an important role in commercial and foreign insurance companies.

The extent of their control was strengthened by the unlimited power of the large companies. The smaller companies used the same disruptive methods as their larger competitors, and exported their profits abroad, and the bourgeoisie remained marginal to the economic life of the company.

Thus, under British occupation, trade in Democratic Yemen was monopolised by a group of local and foreign capitalist companies. Aden was simply a market supplied with goods from the west and other capitalist countries by these companies, who either sold locally or re-exported to neighbouring countries. Hence the home market and local needs were subordinated to the interests of capitalist companies. These companies engaged in exploitation practices with no concern for the needs of the local population and they did not invest their enormous profits for the benefit of the local economy, or to further economic development. They also prevented the country from forming trading relationships either with other Arab countries or with the socialist countries.



Matches factory

Trade after the Reform of 22 June 1969

On 27 November 1969 all foreign companies and their local agents operating in the Republic were nationalised, as well as all commercial, and shipping firms, and all banks and insurance. At the same time, the public sector of the economy was established. The Nationalisation Law became the natural starting point for the development of the agricultural, industrial and trade sectors. The public sector's main tasks in the field of trade are as follows:-

1) To integrate foreign trade into the overall economic plan, to put an end to the former situation in Aden of a free market in foreign goods, and to create a free zone for exports, re-exports, and the development of merchant shipping.
2) To take responsibility for the direction of and development of foreign trade, to enable it to play a greater part in the economic life of the country.
3) To organise the export and import trade of the Republic in response to the needs of economic development and the satisfaction of local requirements.
4) The development of foreign trade and the opening of trading opportunities with the Arab countries, the socialist countries, and other countries.
5) To secure that within the country the state should supervise the public, mixed, cooperative and private sectors in the retail trade, unify prices and ensure the equal distribution of consumer goods throughout the various regions of the Republic.

The Organisation of Trade

Public sector trade in Democratic Yemen is organised into three main companies, the Foreign Trade Company, the Internal Trading Company and the Yemen Oil Company. Each company plans its own activities as regards export and import, marketing, the distribution of foodstuffs and consumer goods, and fuels. The Foreign Trade Company specialises in foodstuffs such as rice, flour, wheat, sugar, tea, ghee, vegetable oils; it supplies the free market area, handles cigaretts, and also organises the export of coffee, hides, gum and various other products.

The National Internal Trading Company imports and sells a variety of consumer goods, including electricial appliances, detergents, machinery, cars, construction material and chemicals. The Company is in charge of 15 different commodities under the provisions of the law of 1971 which covers them.

In addition there are various specialised subsidiaries of public sector companies, such as the National Drug Company and the Victory Company.

The Yemen National Oil Company ended the domination of foreign oil distribution companies, and now supplies cooperative organisations in the cities and in the countryside.

The Foreign Trade Company

Imports:-

The Foreign Trade Company supervises the import of foodstuffs so as to

ensure the regular conduct of foreign trade in order that the state may be in a position to prevent trade harmful to the development of the economy. Furthermore, this supervision of companies participating in the development plan, and in the organisation and development of foreign trade, means that this latter is organised on a proper and rational basis, and ends the anarchy of imports and exports which typified these activities in the pre-independence period. The Company also has among its principal aims the ending of the extortionate prices demanded by merchants, and the opening up of trading links with the Arab countries and the rest of the world, especially the socialist countries. From its very beginning, the Company has worked to raise the standard of goods supplied, so as to exercise control over imports and their distribution and despatch, in relation to planning requirements and the determining of local needs. This policy had beneficial results on the distribution of foodstuffs, so that grocers all over the country cooperated directly with the Company through wholesale distribution centres, thus eliminating the power of private owners, and providing uniform prices for the Company's goods. The development of the Company's distribution services will be clear from Table 1, which shows sales of foodstuffs in all governorates:-

Table 1:

Year	*Million dinars*
1970-71	7
1971-72	9
1972-73	13

As far as prices are concerned the company tries to give reductions to bring prices down to their level before the recent enormous world food price increases. This can be seen from the differences between internal prices and the prices in neighbouring countries; this policy also managed to overcome the shortages during the recent drought when the demand for cereals rose threefold, and the company was able at the crucial moment to make use of its reserves.

The Foreign Trade Company has also managed to support the economic and political programme of the state both in its relations with the cooperatives within the country and in its trading contracts with socialist contries.

Links with the agricultural and fishing cooperatives began in the second half of 1970, and in October 1973 the Company was working with more than 50 of them, doing business worth 7 million dinars. The Company supplied development facilities worth about 1,011,000 dinars at various intervals, in accordance with the different potentials of the cooperatives.

As regards trade with the socialist countries, the Company was able to strengthen these links so that they became a distinct feature of the country's foreign trade. Table 2 shows the continuous rise in trade between the Company and these countries, an increase from nil to 42%.

Table 2:

Year	*Value in Dinars*
1970-71	586,000
1971-72	465,000
1972-73	2,996,000

Exports

The Foreign Trade Company's export policy has been marked by a steady attempt to encourage local production and to seek new outlets on the world market. This policy has led to new exports, such as dried limes and cuttlefish and rare plants from Socotra like alves and resin from dragon's blood trees, in addition to the main established exports, hides, coffee and dairy products.

The company's activities are illustrated in Table 3, which shows the increase in profits in the period between 1970 and 1973.

Table 3:

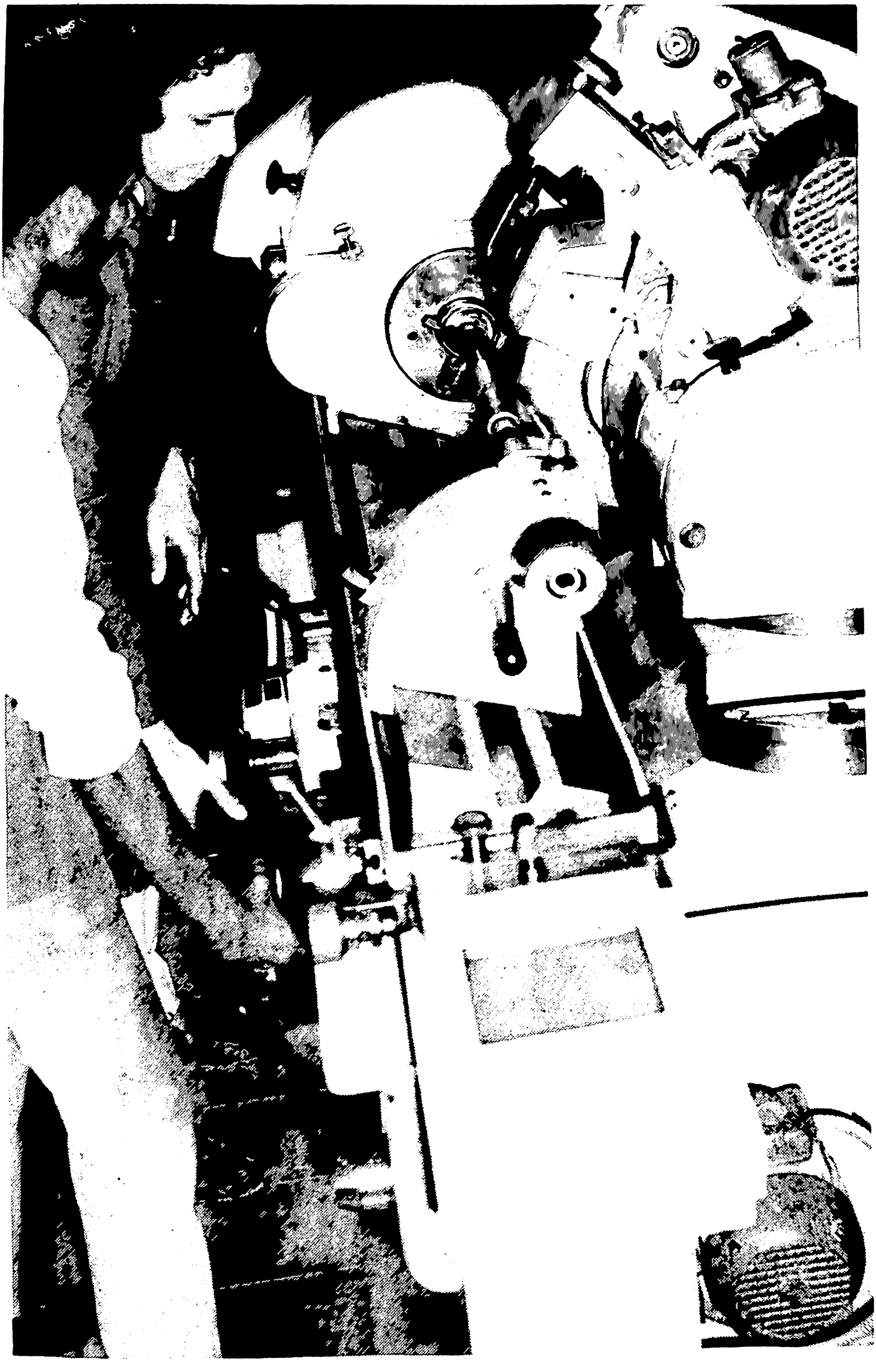
Year	*Profits in Dinars*
1970-71	198,352
1971-72	486,782
1972-73	425,000

Table 3 shows that the relative increase in the Company's profits is mainly due to the rise in world prices and the Company's attempts to protect the consumer from these higher prices. According to Law No. 19 of 1974, the Foreign Trade Company has the following functions:-

1) The import of various restricted articles and products.
2) Fulfilling the requirements of the Internal Trading Company, and making overseas contracts to supply it.
3) Exporting local products and opening up new overseas markets for them.
4) Re-exporting various products.
5) Opening warehouses for the storage of goods intended for export.

The Internal Trading Company

The activities of this Company are coordinated with the import and distribution activities of the Foreign Trade Company. The main difference is in the kind of goods imported. Thus the Internal Trading Company specialises in the import of technical goods and services such as repair equipment and retail trade goods, and it owns a number of workshops where electrical appliances are serviced. It supervises many aspects of social and economic development in the country. The Company thus supplies goods for development needs, which means that the private sector no longer imports them. It has also set up a number of retail grocery centres, which satisfy popular demand, and it constantly encourages the public to buy from these shops.



Cigarette factory, Maala

Because of the Company's success, as shown by the enthusiastic participation of tens of thousands of citizens, it has become possible to expand the network of shops. The success of the Company is clear from the profits made in the period 1970/1973, which amounted to 462,931 dinars. According to Law No. 19 of 1974, the Internal Trading Company is responsible for the following:-

1) To distribute all essential goods and to supplement those in short supply for the wholesale and retail trade equally.
2) To supply goods to the markets and to maintain adequate supplies in store.
3) To open retail centres for consumers.
4) To open repair shops and service centres.

The Yemen National Oil Company

The Yemen National Oil Company sells and distributes petroleum and petroleum products throughout the Republic. It supplies sufficient quantities for agricultural production purposes and for transport cooperatives, which are to be found all over the country. Table 4 shows actual sales in petroleum and its derivatives in the 2 years 1972/1973:-

Table 4:

Year	*Number of barrels*
1971/72	1,126,058
1972/73	1,146,780

The Company has increased its activities by concluding a bilateral agreement with the Kuwait National Oil Company to set up a servicing company with joint capital, 51% belonging to the Yemen National Oil Company, and 49% to the Kuwait Company. The company began production in 1974.

National Insurance and Reinsurance Company

This Company is responsible for all insurance and reinsurance activities in the country, including fire, motor, aeronautical accident and life insurance. The pre-tax profits of the Company in 1971 were 151,127 dinars, rising to 185,284 dinars in 1972.

The National Bank of Yemen (Banking Organisation)

The National Bank of Yemen is the only commercial bank in the Republic. One of its responsibilities is to act as a development bank, and to encourage agricultural and industrial production and the development of the national economy. The Bank's loans to the Foreign Trade Company and the Internal Trading Company helped them both fulfil their import and export targets, and the Bank has also given encouragement to private sector export and re-export activities.

The *nationalised* bank administration inherited a bitter legacy of financial policies contrary to the public interest, and banking operations which were dependent on foreign interests. Immediately after nationalisation however these were replaced by national interests, which have the controlling hand in the administration of the Bank.

In spite of early difficulties, the Bank was able to execute a national banking policy in the service of the development plan, and to obtain the confidence of depositors. At the end of August 1971, deposits stood at 15,421,000 dinars, and the figure rose to 16,169,000 dinars (i.e. by 748,000 dinars) at the same date in 1972. Loans to the various production sectors amounted to 10,590,000 dinars in June 1973.

In order for the Bank to encourage saving in the country areas, 14 new branches were opened, 6 in the 1st governorate, 2 in the 2nd, 3 in the 3rd, 1 in the 4th, and 2 in the 5th. More branches are planned whenever demand arises.

Oil and Geological Research

The Oil and Geological Research Office was subordinate to the Ministry of Economics until 1970 when the "Oil and Geological Research Committee" was set up, with plans for a number of regions within the Republic. It began to collect geological samples and survey photographs.

This went together with the construction of laboratories, with importing the necessary instruments, and with encouraging research by geologists from fraternal countries as well as by teams from the United Nations. It was then possible for the administration to demarcate the most likely mineral-bearing regions. In 1972-73 geological research was given fresh impetus by the conclusion of various prospecting agreements with fraternal countries. Ten regions have been demarcated where mineral deposits exist. These include zinc, lead, gold, silver, magnesium, iron, sulphur, marble, gypsum, pumice and fluorspar.

Petroleum Products

Surveys began in 1970, and an area of 8,700 sq. km. has been designated for the first stage and 1,800 sq. km. for the second stage. The surveys were to be completed by 1973, and a detailed drilling programme will be started at a number of points. Drilling will commence at one shaft in a suitable area and will be extended in accordance with the results. It has become clear that economically viable quantities of oil do exist.

Foreign Trade in the Five Year Plan

The main function of foreign trade in the context of the five year plan is an increase in the number and variety of exports, and the encouragement of exports in order to earn foreign currency. It is also essential to reduce imports by supplying the domestic market with locally produced foodstuffs and basic consumer goods.

Exports and re-exports

In this respect great progress has been made in agricultural production, and it has been possible to reduce certain imports and increase certain exports. (In addition the fishing industry played an important role in the Three Year Plan, and fulfilled the projected increase in exports. These will amount to 36.1% of total exports in the final year of the Plan, 1978/79).

Cotton is one of the main agricultural exports. Production will rise to 25,000 tons in the final year of the plan, and 7,500 tons of this will be long staple, valued at about 5.8 million dinars. Other exports include salt, tobacco, dried limes, cuttle-fish and dragon's blood tree resin.

Further new export goods are envisaged within the period of the Five Year Plan. These include treated leather (150-200,000 tanned hides), leather shoes, aluminium dishes, plastic household goods, ready made clothes, paints, charged oxygen cylinders, sponges, flexible plastic sandals, cigarettes, and matches. These goods will be worth 1,600,000 dinars in 1978/79, compared to 60,000 dinars in 1972/73.

Re-exports are largely confined to the private sector (apart from the Foreign Trade Company's share of the re-export of roasted coffee and hides) and it is expected that this trade will be reactivated after the opening of the Suez Canal. If the number of re-exports and exports are added together at the end of the Five Year Plan, their total value will be 15,950,000, dinars, compared to 7,870,000 in the base year 1972/73. National exports will amount to 13,950,000 dinars, compared to 4,000,000 dinars in 1972/73.

Imports

Imports will continue to play an important part during the period of the Five Year Plan, in supplying the national economy with foodstuffs and essential consumer goods, and with machinery and equipment for development projects. However a reduction in certain imports will permit locally produced goods to substitute for them. This assumes that the value of imports will only rise by 20% by the final year of the Plan. This is a cautious estimate which takes into account probable increases in world prices and in the population of the country.

Hence there will be a fall in cereal and rice imports, and flour will no longer be imported after the opening of the flour mill in 1976. Meat and livestock imports will also decrease with the anticipated rise in animal resources.

Imports of cotton and cotton seed oil will decrease by 70% in the final year of the Plan, and be replaced by local production.

Imports of certain consumer goods will also be cut by 50% because of local production. Amongst these are leather and plastic shoes, ready made clothes, household goods, and cotton cloth. Imports of the latter will decrease by 50% when the National Textile Factory is opened at the beginning of 1975.

In contrast, however, imports of petroleum products and construction

materials will increase. Building and construction materials will be imported to an annual value of 3 million dinars, in response to local demand. Loans for petroleum product imports will rise to approximately 3 million dinars, representing an increase of 150% on the base year 1972/73. This will supply rising demand on electrical and industrial installations and on state farms and cooperatives.

Imports of machinery and equipment will continue to maintain their current average of 5.0 million dinars annually throughout the five year plan. This is because the plan finances projects with long term credits, and equipment and machinery are not paid for in cash.

The establishment of the Free Trade Company

The "Victory" Free Trade Company was set up under Law No. 30 of 1974 to fulfil some of the functions of the free market, and to supply tourists, transit visitors and diplomatic personnel with duty-free goods. The Law assigns the following tasks to the Company:

1) The sale of goods and commodities in hard currency in tax-free shops.
2) The sale of goods and commodities defined by the Administrative Council in special shops in embassies.
3) The supply of ships with provisions and consumer goods.
4) The company may engage in re-exporting after coordinating with other specialist companies.

The Bikaji and Qahwaji Companies have been nationalised, their properties taken over by the State, and all the liabilities and assets assigned exclusively to the "Victory" Free Trade Company.

> "The principal objective of the 22 June Corrective Move was to liberate the national economy from the control of foreign monopolies and their local agents, and to make a genuine start on the construction of an independent national economy".
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> — Extract from the political report presented to the 5th General Conference of the Politburo of the National Committee.